GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:159
ANSWERED ON:25.04.2016
Decline in Exports
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the quantum and value of export vis-a-vis export target fixed during each of the last three years, commodity/sector and country-wise;
(b)) whether there is a decline in the exports of major sectors during the said period resulting in increase in trade deficit;
(c) if so, the details thereof along with the reasons therefor, sector-wise and its impact on country''s economic growth;
(d) the details of the problems/ challenges being faced by Indian exporters along with the steps taken by the Government to address them including the export incentive schemes announced by the Government for exporters; and
(e) the measures taken by the Government to boost exports, reduce the trade deficit and achieve the export targets?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE)
(SMT. NIRMALA SITHARAMAN)

(a) The commodity and country-wise data on quantum and value of exports of the country for the last three years is available in the CDs of DGCI&S publication 'Monthly Statistics of Foreign Trade of India' Vol. 1 (Exports) for March 2014, March 2015 and January 2016. These CDs are also regularly sent to Parliament Library by DGCI&S, Kolkata for reference.

Value of Exports data vis-Ã -vis export targets fixed during each of the last three years, are given as under:
Value: USD Billion
Year Target fixed* Exports
2013-14 325 314.4
2014-15 340 310.3
2015-16 No target fixed 261.1@
*Source:DoC @(Provisional)

(b) and (c) The key sectors which recorded a major decline in exports are as under:
Value: USD Million
COMMODITY 2013-14 2014-15 2015-16 (April-February) (Provisional) Growth of 2015-16 (Apr-Feb)/w.r.t 2014-15(Apr-Feb)
PETROLEUM CRUDE & PRODUCTS 63,177.46 56,794.15 28,140.91 -48.03
SHIP, BOAT AND FLOATING STRUCT 3,724.76 5,352.61 2,807.90 -44.94
AIRCRAFT, SPACECRAFT AND PARTS 4,584.87 6,159.19 3,570.61 -38.9
IRON AND STEEL 9,223.40 8,684.40 5,154.20 -35.67
RICE(OTHER THAN BASMOTI) 2,925.05 3,336.84 2,081.72 -32.53
COPPER AND PRDCTS MADE OF COPR 2,855.01 3,420.30 2,313.64 -26.61
RICE −BASMOTI 4,864.69 4,516.28 3,221.54 -21.71
GOLD AND OTH PRECS METL JWLERY 10,857.70 13,242.41 9,930.37 -18.6
PRODUCTS OF IRON AND STEEL 6,780.18 7,562.81 5,644.30 -18.21
IC ENGINES AND PARTS 1,770.30 2,397.98 1,830.60 -16.39
BUFFALO MEAT 4,350.23 4,781.18 3,747.04 -15.04
MARINE PRODUCTS 5,016.46 5,510.49 4,408.14 -14.17
MANMADE YARN,FABRICS,MADEUPS 5,183.47 5,275.03 4,292.01 -11.67
PEARL, PRECS, SEMIPRECS STONES 27,159.49 24,758.79 20,424.45 -10.46
ORGANIC CHEMICALS 5,641.15 5,394.35 4,421.27 -10
Source:DGCI&S

The trade deficit in recent period has been as follows:
Value: USD Billion
Period Exports Imports Trade Deficit
2013-14 314.41 450.20 -135.79
2014-15 310.34 448.03 -137.69
2015-16 (Provisional) 261.14 379.60 -118.46

Source:DGCI&S

Some key reasons for negative export growth in the recent period are as follows:
(i) Fall in global demand and fall in commodity prices impacting terms of trade for commodity exporters.
(ii) Fall in the prices of petroleum crude resulting in consequent decline in prices as well as export realizations for petroleum products, which are major items of export for India.
(iii) EU Countries that account for nearly 16% of India's export, are facing stagnation. China is also experiencing a slow down. The recovery in US has been moderate and uncertain in terms of sustainability.
(iv) There is a general slowdown in the world GDP growth and hence in growth of World Trade. Some increase in trade barriers has also been reported.

(d) and (e) Steps have been taken to address the trade deficit through promotion of exports, as described below. Efforts are also made to address country specific impediments through bilateral trade engagements. Details of some key steps taken by Government to boost exports and reverse the current trend in foreign trade are as follows:-
i) The Merchandise Exports from India Scheme (MEIS) was introduced in the Foreign Trade Policy (FTP) 2015-20 on April 1, 2015.MEIS aims to incentivize export of merchandise which are produced/manufactured in India. At the time of introduction of MEIS on April 1, 2015, the scheme covered 4914 tariff lines at 8 digit level. Countries of the globe were grouped into 3 market categories (Country Group A, Country Group B & Country Group C) for grant of incentives under MEIS. Slight changes in lines covered etc. were made on 14.07.2015 and 15.7.2015. Thereafter on 29.10.2015, 110 new Tariff Lines at 8 digit level were added under the scheme. The rates/country coverage for 2228 lines at 8 digit level were enhanced. As on date, 5012 Tariff Lines at 8 digit level are eligible for rewards under MEIS. The annual resource allocation under MEIS was enhanced from Rs. 18000 crore to Rs. 21000 crore in October 2015.
ii) The Government has introduced the Interest Equalisation Scheme on Pre & Post Shipment Rupee Export Credit with effect from 1.4.2015. The scheme is available to all exports under 416 tariff lines [at ITC (HS) code of 4 digit] and exports made by Micro, Small & Medium Enterprises (MSMEs) across all ITC (HS) codes. The rate of interest equalisation is 3% per annum.
iii) In addition the Government continues to provide the facility of access to duty free raw materials and capital goods for exports through schemes like Advance Authorisation, Duty Free Import Authorisation (DFIA), Export Promotion Capital Goods (EPCG) and Drawback/Refund of Duties.
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